

FISCAL NOTE

HB 73 - SB 42

February 12, 2003

SUMMARY OF BILL: Amends the retirement law by increasing the benefit improvement from 5% up to 12.5% effective January 1, 2004 provided the TCRS Board of Trustees determines that the recommended employer contribution rate for teachers is less than the rate in effect on June 30, 2003. The excess appropriation, if any, contained in the appropriations act resulting from the reduction in annual employer teacher contribution requirements for the fiscal year ending June 30, 2004 would be utilized to provide the increase. The percentage increase would be optional to participating local governments.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$11,801,400 - \$59,007,000 Annual
Amortized Cost**

**Increase Local Govt. Expenditures - \$7,867,600 - \$39,338,000 Annual
Amortized Cost**

Estimate assumes:

- Total lump sum pension liability of \$201,815,000 - \$1,009,075,000
- A range is shown since the percentage increase is to be phased in through equal 1.5% increments over a 5-year period.
- Annual amortization cost assumes a 20-year lump sum liability
- K-12 teachers assume a 60%-40% ratio between state and local funding

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director